



**SENATOR CHARLES SCHWERTNER, MD**  
SENATE DISTRICT 5

**FOR IMMEDIATE RELEASE**

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## **Schwertner Files Legislation to Protect Community Hospitals from Corrupt Administrators**

*Senate Bill 267 would protect hospitals threatened with closure due to acts of fraud or mismanagement by unscrupulous hospital administrators.*

**AUSTIN, TX** -- Today, Senator Charles Schwertner (R-Georgetown) filed Senate Bill 267, legislation that would give the state more options to protect community hospitals from closure as a result of fraud or mismanagement by a corrupt hospital administrator.

"When dishonest hospital administrators defraud the government, mismanage their finances, or operate a substandard facility, it can have dire consequences on the patients and community that depend on that hospital for care," said Schwertner, a medical doctor and Chairman of the Senate Committee on Health and Human Services. "SB 267 will provide the state with tools to sanction negligent hospital operators while still protecting the health and safety of Texas patients."

In 2014, the owner of six rural hospitals in Texas was found guilty of defrauding Medicare for more than \$1 million. This considerable fraud, in addition to a history of administrative neglect and mismanagement, led to the closure of three of these hospitals, endangering hospital access for thousands of rural Texans.

Currently, hospitals found guilty of fraud are subject to the immediate revocation of their operating license, placing the patients who depend on the hospital at substantial risk. Senate Bill 267 provides the Department of State Health Services (DSHS) with the discretion to suspend a hospital license and name a temporary trustee to manage the facility rather than simply shuttering the facility indefinitely.

Senate Bill 267 also requires DSHS to inspect hospitals at least once every three years, requires increased disclosure of hospital ownership, establishes a fund to cover the cost of storing medical records and paying a trustee, increases the maximum penalty that may be assessed for licensure violations, and allows DSHS and the Office of the Inspector General to share information regarding applicants for a hospital license.

"When bad hospitals go under, it threatens access to care for thousands of patients, particularly in rural communities," continued Schwertner. "SB 267 will protect patients while holding Texas hospitals to the highest possible standard."

SB 267 is identical to legislation filed in 2015 (SB 424), which passed the Senate before falling to a point of order on the floor of the Texas House. Like its predecessor, SB 267 reflects input from hospitals and other stakeholders and carries the support of both the Texas Hospital Association (THA) and the Texas Organization of Rural and Community Hospitals (TORCH).

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